

Creating a Multi-Generation High-Performance Family

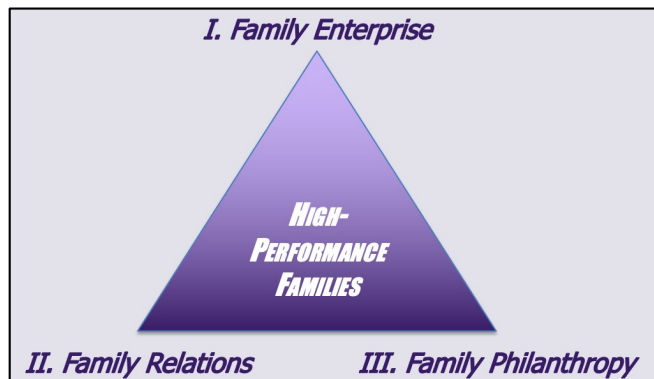
by Jeremy S. Lurey, Ph.D.

I've had the honor and distinct privilege of counseling and advising many successful families over the years. It's safe to say all of them wanted to be high-performance families and create lasting legacies from one generation to the next.

Not all families are able to achieve this intention though. After all, financial strength alone does not bring happiness to family leaders or their next-generation children. In fact, family wealth often presents significant challenges for family members and comes with a complicated history and other concerns that break down trust and family relationships.

In addition, family members who are extremely successful in some aspects of their lives can become too busy or may simply be ill-equipped to celebrate their familial heritage and prioritize their connections. Whether it's a parent and child, two siblings, or even a few cousins, these relationships are often ripe with a contentious and emotional distance that ultimately put the family's significant assets at risk. That's one of the primary reasons why up to 90% of all families lose their wealth by their 3rd generation, and nearly 90% of all family businesses also disappear within 3 generations.

So, what does it take to be a multi-generation, high-performance family and not become one of these statistics? See below for the 3 main pillars and several key strategies that can help you become a high-performance family.



1. FAMILY ENTERPRISE

Whether it's a family office managing a diverse investment portfolio or family business managing a single operating company, it's essential you run your family enterprise like a business, not like a bank account simply there to support your family's lifestyle. The enterprise needs to be profitable and sustainable and deliver positive cash flow for its owners. This requires the family leader to be strategic and effectively manage their time and priorities. Savvy leaders also engage a Board of outside Directors or Advisors to advise them on key decisions and provide greater governance.

A big part of the family leader's job is developing and constantly nurturing the organization's culture. Family enterprises often have rich cultures rooted in powerful family values. For this reason, family members should serve as positive role models rather than carry a sense of entitlement because of their family affiliation.

Any family members fortunate enough to actively support the family enterprise, then, need to make meaningful contributions with their work. Roles are not simply given to family members because they need jobs. Family members apply for and are offered positions based on their individual abilities.

2. FAMILY RELATIONS

While the family enterprise can be critical to support family members financially, family relations are arguably even more important. High-performing families, then, generally don't discuss business matters with each other when they are away from work. This enables them to maintain a family-focused mindset when they are together.

To strengthen their relations, high-performance families also develop family charters. A charter (or "constitution") acts as a statement of the family's heritage, culture, and aspirations for the future. Traditional family charters may focus on the family's estate and business ventures and therefore can be written in rather dry and formal legal language. To more fully engage family members in their legacy

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planning and create even stronger bonds to one another, more effective charters create an emotional connection by capturing the family's narrative. These charters connect past generations with present and future generations by telling the family's stories and celebrating the family's values and rich history.

High-performance families also implement other governance practices like establishing Family Councils and holding family retreats. In addition, they prioritize time together with activities like regular family dinners, parent/child "date nights", and of course exotic vacations to honor major life events, like significant birthdays and anniversaries. Sometimes, these events are tied to regular family office meetings with outside advisors present to review the family's investments, estate plan, and other important information.

3. FAMILY PHILANTHROPY

The third critical pillar that distinguishes a high-performance family from other successful families is a focus on shared philanthropy. There may be tax benefits for making donations – even significant ones – to charities. High-performance families, though, do so much more by instilling a sense of giving and community service in their next-generation children and grandchildren when they contribute collectively as a family.

My parents may be very generous and charitable, but that doesn't make us a high-performance family since

we don't contribute to any causes collectively. High-performance families establish foundations and then work together to support causes that matter most to the entire family, whatever those causes might be.

High-performance families don't just give away money though. They also share their commitment to charitable giving with future generations through more experiential approaches. That might entail volunteering with or serving on the Board of a not-for-profit organization. For some families, it means giving certain amounts of money to their children at the holidays in lieu of other gifts so that their children can contribute to the family's causes too.

Is your family a high-performance family? If not, what are you going to do to bring your family together and create your legacy for the future?

About the Author

Dr. Jeremy Lurey is a talented Family Advisor and Performance Coach who helps his clients identify their key objectives and take the necessary actions to achieve those personal and professional goals. With over 25 years of progressive experience as a trusted advisor, he serves clients ranging from families of significant wealth to mid-market companies to Fortune 500 corporations. Jeremy has a passion for helping multi-generation families sustain their legacies. He excels at enabling these families to transfer their wealth and transition their businesses from one generation to the next.

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